

m/049/001

DOGM
MINERALS PROGRAM
FILE COPY

LAW OFFICES OF
KIMBALL, PARR, CROCKETT & WADDOUPS
A PROFESSIONAL CORPORATION
SUITE 1300
185 SOUTH STATE STREET
POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-7840

CLAYTON J. PARR

RECEIVED
FEB 28 1989

DIVISION OF
OIL, GAS & MINING

February 28, 1989

D. Wayne Hedberg
Division Hydrologist
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: Bonding Forms, Keigley Quarry - M/049/001 and Iron
Mountain Mine - M/021/008, Utah and Iron Counties,
Utah

Dear Wayne:

I have revised the letter agreement with Valley Bank for the depository surety account slightly to provide additional detail as to circumstances when the Director can make withdrawals. The modifications are shown on the attached draft.

I did not insert the words "and maintain" after the word "deposit" in paragraph 2 because the amount deposited is the full amount of the bond and would only be withdrawn by the Director.

I have also submitted the letter in the same form to the Bank for their final approval.

As soon as you and the Bank let me know that the form is satisfactory, we can then arrange to set up the account so that all will be ready for the board meeting on March 23.

CRANES @ CREST

D. Wayne Hedberg
February 28, 1989
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If you have any questions, please call.

Very truly yours,

Clayton J. Parr
(wc)

Clayton J. Parr

CJP/wc
Enclosure

cc: Robert Johnson
Lynn Hart
Roy Benson

DRAFT FOR DISCUSSION PURPOSES ONLY

February 27, 1989

Valley Bank & Trust Company
185 South State Street
Salt Lake City, UT 84111

State of Utah
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1230

Re: Depository Account for Basic Manufacturing and
Technologies of Utah, Inc., dba Geneva Steel Company
Account No. _____, Keigley Quarry Mine
Permit No. M/049/001

Gentlemen:

Basic Manufacturing and Technologies, Inc., dba Geneva Steel Company ("Geneva") has entered into a Reclamation Contract (the "Reclamation Contract") with the Division of Oil, Gas and Mining (DOGM) pursuant to which Geneva has agreed to provide bonding in the amount of \$505,000.00 to secure performance of reclamation of the Keigley Quarry Mine.

The purpose of this letter is to establish the basis for a depository account that will serve as collateral for the obligations of Geneva under the Reclamation Contract.

Accordingly, we request your agreement with the following:

1. Account # _____ at Valley Bank (the "Depository Account") will be operated and maintained exclusively for the benefit of DOGM.

2. Geneva will deposit the sum of \$505,000.00 into the Depository Account.

3. All interest accruing on the funds in the Depository Account shall be distributed monthly by Valley Bank to Geneva in accordance with instructions from Geneva.

4. Withdrawals from the Account may only be made by signature of the person purporting to be the Director of DOGM, verified by the Attorney General or any Assistant Attorney General of the State of Utah.

5. DOGM may make withdrawals from the Depository Account only as provided in the Reclamation Contract or as appropriate to effect an approved refund of all or part of the funds therein to Geneva, but Valley Bank shall have no obligation to establish whether any withdrawal of DOGM is permitted by the Reclamation Contract or otherwise.

6. Upon certification by DOGM of completion of reclamation by Geneva as provided in paragraph 5 of the Reclamation Contract or upon approval by the Board of a substitute bond, DOGM shall withdraw all funds in the Depository Account and make transfer thereof to Geneva.

If the foregoing provisions are satisfactory to you, please so indicate by signing the form of acceptance set forth below.

Very truly yours,

BASIC MANUFACTURING AND TECHNOLOGIES
OF UTAH, INC.

By _____
Its _____

ACCEPTED AND AGREED:

VALLEY BANK & TRUST COMPANY

By _____
Its _____
Date _____

ACCEPTED AND AGREED:

UTAH DIVISION OF OIL, GAS
AND MINING

By _____
Its _____
Date _____